

## RETIREE ACCUMULATED SICK LEAVE (RASL) PROGRAM

The following questions and answers clarify the 1998 and the 1999 Legislative changes to A.R.S. §38-615. A State employee is eligible to receive payment for his/her accumulated sick leave balance of 500 or more hours upon retirement from State service.

### ELIGIBILITY

#### **Q: How do I qualify for this benefit?**

A: You must do all of the following:

- 1) Be an active State employee at the time of retirement.
- 2) Establish an effective retirement date by qualifying with an authorized State of Arizona retirement system. This date must be effective immediately (**within 14 calendar days**) upon separation from State service.
- 3) Have at least 500 or more hours of unused sick leave balance at the time of retirement.
- 4) Have retired on or after July 1, 1998.

#### **Q: What are the authorized retirement systems available for current State employees?**

A: The authorized retirement systems are: the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS), the Corrections Officer Retirement Plan (CORP), the Optional Retirement Program (ORP) established by the Arizona Board of Regents, or be an employee of a State University under the jurisdiction of the Arizona Board of Regents who participates in a Federal Retirement System.

### BENEFIT VALUE CALCULATIONS

#### **Q: What is the maximum benefit that I can receive?**

A: The maximum total benefit you can receive is \$30,000, and the maximum number of sick leave hours you can be paid for is 1,500.

#### **Q: What is the difference between "deferring my retirement" and "deferring my retirement payments?"**

A: Deferring retirement-means you have not established a retirement date (within 14 calendar days from leaving state service), either because you have not met the retirement qualifications or for other voluntary reasons. You would not be entitled for RASL benefits. Deferring retirement payments-means you have established a retirement date within the 14 days of leaving state service, met all retirement requirements but have elected to take your distribution at a future date. You are entitled to RASL benefits and have 180 days to submit the RASL application.

#### **Q: How is the benefit value calculated?**

A: The benefit value is calculated by taking the hourly rate at the date of retirement, multiplied by the number of unused sick leave hours (up to 1,500 hours) at retirement, multiplied by one of the following percentages:

**25%**; (at least 500 but less than 750 sick leave hours); or

**33%**, (at least 750 but less than 1,000 sick leave hours); or

**50%**, (at least 1,000 up to the maximum of 1,500 sick leave hours).

Example: If a retiree had a balance of 1500 sick leave hours and retired with an hourly rate of \$20.00 an hour, his or her total benefit would be (1500 X 20 X 50%) \$15,000.

#### **Q: If I have more than 1,500 hours of sick leave, what happens to the unused hours?**

A: Hours in excess of the 1,500 cannot be used for any other purpose. Any excess hours will be forfeited and purged from all payroll systems.

### THE CASH PAYOUT

#### **Q: What do I have to do to receive the RASL benefit?**

A: Retire immediately (within 14 calendar days) from an authorized Retirement System then contact your agency personnel office to get a Retiree Accumulated Sick Leave Program Certification Form (GAO-SL-50). This form must be completed in its entirety by both the retiree and the agency personnel office prior to submitting the form to the

General Accounting Office (GAO). You have 180 days from your retirement date to apply for your RASL benefit.

#### **Q: What happens if I do not apply for the RASL benefit within 180 days after my retirement date?**

A: You forfeit your eligibility to receive the RASL benefit if you do not file a claim or apply within 180 days of the retirement date.

#### **Q: How do I receive the RASL benefit?**

A: You will receive the RASL benefit in cash installments not to exceed a three-year period. You may choose to have a warrant (check) mailed to you or have your payment electronically deposited into your bank account (direct deposit).

#### **Q: When should I expect to receive the RASL benefit?**

A: You should receive your first installment between 30 to 90 days from the time the GAO has received your RASL application. Subsequent installments should come approximately on the anniversary of the first installment date.

#### **Q: Can I accelerate my benefit payments in the event of an emergency?**

A: No, the Retiree cannot accelerate any of the benefit payments, except in the case of the retiree's death. The State, however, reserves the right to accelerate the benefit payments subject to the program requirements and the availability of funds.

### TAX and RELATED QUESTIONS

#### **Q: Is this benefit subject to Federal, FICA, and State tax withholdings?**

A: Yes, it is considered earned income and not a retirement benefit. Federal and FICA taxes are withheld on each installment. Arizona State tax is also withheld, even if you move to another state, because the income was earned in Arizona.

**Q: Can I expect to receive interest on the money held by the State?**

A: No, the statute does not provide for the payment of interest.

**Q: Can I put this money into deferred compensation, an IRA, a Roth IRA, etc. through the RASL program?**

A: No, the statute does not provide for the ability to roll the benefit value into deferred compensation, an IRA, a Roth IRA, etc.

**Q: If I am eligible for Social Security, does the RASL benefit amount received count as part of the allowed earnings?**

A: There is no clear-cut answer to this question since there are many mitigating factors. You may request a form from RASL stating that the benefit was earned in prior years (for Social Security purposes only). Contact the GAO RASL program for the form (SSA-131).

**BENEFICIARY INFORMATION**

**Q: Can I name a beneficiary for this program?**

A: Yes, a beneficiary can be named and they may be different from a beneficiary named for another purpose.

**Q: Will the beneficiary be eligible for this program?**

A: If an employee is eligible for normal retirement as specified under the retirement system in which he or she participated and died while employed by the State, or died while participating in the RASL Program, the beneficiary will receive the total balance due in a lump sum cash payment.

**Q: How does the beneficiary claim the RASL benefit?**

A: Submit a copy of the death certificate and a notarized affidavit to the GAO. The beneficiary can request

the proper affidavit from the retiree's prior agency personnel office or from the GAO.

**OTHER POSSIBLE CONCERNS**

**Q: If I retire from one retirement system and hire into another system and participate in the RASL program, will it be possible to transfer the unused sick leave hours in excess of the 1,500 into the second system rather than to have them purged?**

A: No, all paid and unused sick leave hours will be purged. If you start in another retirement system you will have to start at a zero balance and accumulate new sick leave.

**Q: Can I leave state service and later retire from a non-state agency or company and still be eligible for this benefit?**

A: No, the State of Arizona must employ you at the time of retirement.

**Q: If I leave state service and later return or reinstate to state service and then retire, would I be eligible for this benefit?**

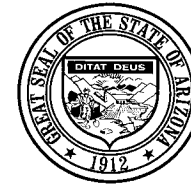
A: Yes, provided that you have the requisite number of sick leave hours.

**Q: If I go on voluntary leave without pay or any other type of approved leave and then retire the next day after the leave, am I eligible for the benefit?**

A: Yes, provided you meet the criteria for participation.

**Q: If I apply for my retirement benefits with an authorized retirement system and later rescind my retirement, am I still eligible for this benefit?**

A: No, you must retire with an authorized retirement system. If you cancel or rescind your retirement, you have not retired with that retirement system. Therefore, you are not eligible for the RASL benefit.



JANET NAPOLITANO  
GOVERNOR

BETSEY BAYLESS  
DIRECTOR

**STATE OF ARIZONA**

**RETIREE  
ACCUMULATED  
SICK LEAVE (RASL)  
PROGRAM**

**FREQUENTLY ASKED QUESTIONS  
AND THEIR ANSWERS**

ARIZONA DEPARTMENT OF ADMINISTRATION  
FINANCE DIVISION • GENERAL ACCOUNTING OFFICE  
100 NORTH 15<sup>TH</sup> AVENUE • SUITE 302  
PHOENIX, ARIZONA 85007  
(602) 542-5601 or [www.gao.state.az.us](http://www.gao.state.az.us)

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